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**DOCKET FOR REGULAR COUNCIL MEETING OF  
MONDAY, SEPTEMBER 17, 2001 AT 2:00 P.M.  
CITY ADMINISTRATION BUILDING  
COUNCIL CHAMBERS - 12TH FLOOR  
202 "C" STREET  
SAN DIEGO, CA 92101**

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**OTHER LEGISLATIVE MEETINGS**

A Special Meeting of the Redevelopment Agency has been scheduled today in the Council Chamber. A separate agenda is published, and it is available for review in the Office of the City Clerk. For more information, please contact the Redevelopment Agency Secretary at 533-5432.

ITEM-1: ROLL CALL.

ITEM-10: INVOCATION.

ITEM-20: PLEDGE OF ALLEGIANCE.

**SPECIAL ORDERS OF BUSINESS**

ITEM-30: Code Enforcement Week.

**MAYOR MURPHY'S RECOMMENDATION:**

Adopt the following resolution:

(R-2002-372)

Recognizing the accomplishments and proactive involvement of all code enforcement personnel, volunteers and community groups;

Proclaiming the week of September 24 through September 28, 2001 to be "Code Enforcement Week" in the City of San Diego.

## SPECIAL ORDERS OF BUSINESS

ITEM-31: Rideshare Week 2001.

### MAYOR MURPHY'S RECOMMENDATION:

Adopt the following resolution:

(R-2002-373)

Proclaiming September 17-21, 2001, to be "Rideshare Week 2001 Day" in San Diego and encouraging local businesses and employees to seek creative transportation methods to help reduce rush hour traffic congestion on our local streets and freeways.

## SPECIAL ORDERS OF BUSINESS

ITEM-32: A Resolution of Support regarding the Current National Crisis.

### MAYOR MURPHY'S RECOMMENDATION:

Adopt the following resolution:

(R-2002-402) Tb( CACTION Tb)

A resolution of support regarding the current national crisis.

## NON-AGENDA PUBLIC COMMENT

This portion of the agenda provides an opportunity for members of the public to address the Council on items of interest within the jurisdiction of the Council. (Comments relating to items on today's docket are to be taken at the time the item is heard.)

Time allotted to each speaker is determined by the Chair, however, comments are limited to no more than three (3) minutes **total per subject**, regardless of the number of those wishing to speak. Submit requests to speak to the City Clerk **prior** to the start of the meeting. Pursuant to the Brown Act, no discussion or action, other than a referral, shall be taken by Council on any issue brought forth under "Non-Agenda Public Comment."

## COUNCIL, CITY ATTORNEY, CITY MANAGER COMMENT

## REQUESTS FOR CONTINUANCE

The Council will now consider requests to continue specific items.

## **CONSENT ITEMS**

The following listed items are considered to be routine, and the appropriate Environmental Impact Reports have been considered. These items are indicated on the docket by a preceding asterisk (\*). In addition, other items thought to be routine or non-controversial and without any "Request to Speak" slips in opposition may be taken as part of the Consent Agenda.

**PLEASE NOTE:** ITEMS PULLED FROM THE CONSENT AGENDA (ITEMS 100-105 ) WILL BE DISCUSSED FOLLOWING ACTION ON THE ADOPTION AGENDA (ITEMS 200-201).

ORDINANCES INTRODUCED AT A PREVIOUS MEETING, READY FOR DISPENSING WITH THE READING AND ADOPTION:

None.

ORDINANCES TO BE INTRODUCED:

None.

RESOLUTIONS TO BE ADOPTED:

Items 100, 101, 102, 103, 104 and 105.

ADOPTION AGENDA, CONSENT ITEMS  
RESOLUTIONS:

\* ITEM-100: Two actions related to Otay Mesa - FY 2002 Public Facilities Financing Plan and Facilities Benefit Assessment (FBA).

(See City Manager Reports CMR-01-179 and CMR-01-154; P. Lamont Ewell's memo dated 8/1/01; Public Facilities Financing Plan and FBA, Fiscal Year 2002, July 2001 Draft. Otay Mesa Community Area. District-8.)

## **TODAY'S ACTIONS ARE:**

Adopt the following resolutions:

Subitem-A: (R-2002-304)

Approving the document entitled "Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment, FY 2002, July 2001."

Subitem-B: (R-2002-305)

Resolution of Intention to designate an area of benefit in Otay Mesa and setting the time and place for holding a public hearing thereon.

**LAND USE AND HOUSING COMMITTEE'S RECOMMENDATION:**

On 8/01/01, LU&H voted 3-0 to approve the Otay Mesa Public Facilities Financing Plan Fiscal Year 2002, July 2001; the Resolution of Intention for Designation of an area of benefit in Otay Mesa; the Resolution of Designation; Development Impact Fees for development in Otay Mesa that has not paid a Facilities Benefit Assessment or not agreed otherwise to pay a Facilities Benefit Assessment. (Councilmembers Wear, Atkins and Stevens voted yea. Councilmembers Peters and Maienschein not present.)

**ADOPTION AGENDA, CONSENT ITEMS  
RESOLUTIONS:**

\* ITEM-101: Appointment of Mr. Richard Vortmann and Mr. Ray Garnica to the San Diego City Employees' Retirement System Board of Trustees.

(See memorandum from Mayor Murphy dated 8/16/2001 with resumes attached.)

**MAYOR MURPHY'S RECOMMENDATION:**

Adopt the following resolution:

(R-2002-361)

Nominating for election to the City Employees' Retirement System Board of Administration the following persons:

**NOMINEE**

Richard H. Vortmann  
Ray Garnica

**NOMINATED BY**

Mayor Murphy  
Mayor Murphy

Declaring that after full and complete public discussion and deliberation, Richard H. Vortmann, is hereby appointed to serve as a member of the City Employees' Retirement System Board of Administration, for a term ending December 7, 2002, to replace Robert J. Scannell, who has resigned;

Declaring that after full and complete public discussion and deliberation, Ray Garnica, is hereby appointed to serve as a member of the City Employees' Retirement System Board of Administration, for a term ending December 7, 2004, to replace Paul Barnett, who has resigned.

ADOPTION AGENDA, CONSENT ITEMS  
RESOLUTIONS:

\* ITEM-102: Tony Gwynn Week.

**COUNCILMEMBER MAIENSCHIN'S RECOMMENDATION:**

Adopt the following resolution:

(R-2002-376)

Commending Tony Gwynn for the accomplishments, talent and contributions he brings to the City of San Diego;

Proclaiming September 22 through September 29, 2001 to be "Tony Gwynn Week" in the City of San Diego.

**SUPPORTING INFORMATION:**

Tony Gwynn marks his 20<sup>th</sup> season as Number 19 of the San Diego Padres. He has been an admired and dynamic member of the San Diego community. His highlights of accomplishments include the following: Tony is marked as one of the greatest hitters in baseball history with a total of 3,124 hits, a 15-time All-Star, and stands 16<sup>th</sup> on the list; the winner of the record-tying eight National League Batting Championship; the Padres Career Leader in nearly every offensive category, with a .338 average in each of the 18 consecutive seasons, the longest streak in National League history; a recipient of several awards, including the 1999 Roberto Clemente Award which recognizes the player with the best sportsmanship and community involvement; a recipient of the 1995 Branch Ricky Award, as the top community activist in Major League Baseball and inducted into the World Sports Humanitarian Hall of Fame in Boise, Idaho.

Tony will retire at the conclusion of the 2001 season where he leaves a legacy of loyalty and longevity. He will go down in history as one of the greatest hitters to ever play Major League Baseball. Therefore, proclaiming September 22-29, 2001 to be "Tony Gwynn Week," in the City of San Diego.

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ADOPTION AGENDA, CONSENT ITEMS  
RESOLUTIONS:

\* ITEM-103: Amendment to the Retention Agreement with the Law Firm of Luce, Forward, Hamilton & Scripps, LLP, for Litigation Services Related to the Ballpark and Redevelopment Project.

### **CITY ATTORNEY'S RECOMMENDATION:**

Adopt the following resolution:

(R-2002-365)

Authorizing an amendment to the Retainer Agreement with Luce, Forward, Hamilton & Scripps, LLP, for legal services concerning the Ballpark and Redevelopment Project, increasing the authorized amount for the agreement by \$250,000;

Authorizing the expenditure of an amount not to exceed \$250,000 from Fund 81140, Dept. 81140, Object Account 4141, Job Order 081140 for the project.

### **SUPPORTING INFORMATION:**

The City previously entered into an agreement with the law firm of Luce, Forward, Hamilton & Scripps, LLP, for certain litigation services related to the Ballpark and Redevelopment Project. The original authorization was for \$75,000, which was subsequently increased to \$225,000. It is presently anticipated that expenditures will approach \$475,000 necessitating an additional \$250,000 related to concluding litigation related to the Ballpark Project.

Herring/Girard/JS

Aud. Cert. 2200242.

### **ADOPTION AGENDA, CONSENT ITEMS RESOLUTIONS:**

- \* ITEM-104: Amendment to Consultant Services Agreement Regarding the Ballpark and Redevelopment Project, with Jacobs, Chase, Frick, Kleinkopf & Kelley, LLC.

### **CITY ATTORNEY'S RECOMMENDATION:**

Adopt the following resolution:

(R-2002-364)

Authorizing an amendment to the Retainer Agreement with Jacobs, Chase, Frick, Kleinkopf & Kelley, LLC, for consulting services concerning the Ballpark and Redevelopment Project, increasing the authorized amount for the agreement by \$150,000;

Authorizing the expenditure of an amount not to exceed \$150,000 from Fund 102214, Dept. 102214, Org. No. 200, Object Account 4141, Job Order 000203,



for the project.

**SUPPORTING INFORMATION:**

This action will amend the existing Jacobs, Chase, Frick, Kleinkopf & Kelley, LLC, agreement for outside consultant services to assist the City Attorney and City Manager regarding the Ballpark and Redevelopment Project by \$150,000 for a total agreement of \$942,000. Additional services from this firm is necessary and appropriate because issues concerning the implementation of the Ballpark and Redevelopment Project have arisen due to the inordinate delay associated with the Project. Participation from the City's negotiating team is necessary to resolve these issues and successfully implement the Project.

Herring/Girard/JS

Aud. Cert. 2200241.

**ADOPTION AGENDA, CONSENT ITEMS  
RESOLUTIONS:**

- \* ITEM-105: First Amendment to Agreement for Ballpark Disclosure Counsel Services and Litigation Review Services.

**CITY ATTORNEY'S RECOMMENDATION:**

Adopt the following resolution:

(R-2002-371)

Authorizing the City Manager to execute a First Amendment to the Agreement with Orrick, Herrington, & Sutcliffe, for Ballpark Disclosure Counsel and Litigation Review Services in an amount not to exceed \$150,000 to be expended from the Major Facilities Ballpark Fund (102214).

**SUPPORTING INFORMATION:**

Orrick currently is acting as Bond and Disclosure Counsel in the proposed financing for the Ballpark and Downtown Redevelopment Project. Due to the numerous lawsuits that have been initiated on the project, the City engaged Orrick to review the litigation and its impact on the bond financing. Pursuant to an Agreement for Disclosure Counsel and Litigation Review Services between the City and Orrick (Document No. R-293412), these services have already been undertaken by Orrick. Other services are ongoing as the City proceeds with the various lawsuits filed pertaining to the Ballpark and Downtown Redevelopment Project. Because additional lawsuits and appeals have been filed and Orrick's services are needed to review such litigation, an amendment to the Agreement is needed to increase Orrick's compensation for litigation review services by an additional \$150,000. This amendment brings the total amount to \$623,500 to be expended under this agreement for legal services.

Frazier/Devaney/KS

Aud. Cert. 2200258.

**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS  
RESOLUTIONS:**

ITEM-200: Spring Canyon Water Easement/Easement Quitclaim.

(Continued from the meeting of 5/29/2001, Item 102, and the meeting of 7/16/2001, Item 203, at the request of Councilmember Maienschein, for further review.)

(Scripps Miramar Ranch Community Area. District-5.)

**CITY MANAGER'S RECOMMENDATION:**

Adopt the following resolution:

(R-2001-1479)

Authorizing the acceptance of an Easement Deed from the U.S. Navy, executed in favor of the City of San Diego, conveying to the City an easement over, under, upon, along and across its real property for water line purposes;

Authorizing the City Manager to execute a Quitclaim Deed, quitclaiming to the United States of America (U.S. Navy), all the City's right, title and interest in an old road easement.

**CITY MANAGER SUPPORTING INFORMATION:**

In 1995 the City approved a Rezone, Planned Residential Development (PRD) Permit, Tentative Map (TM) and Resource Protection Ordinance (RPO) Permit for a 69-unit single-family residential development known as Spring Canyon at Scripps Miramar Ranch. The Spring Canyon Project required a water line easement across United States of America (U.S. Navy) property for a 12 inch looped pipeline as an off-site requirement for this development. As a part of this action, the City will quitclaim a road easement to the United States of America (U.S. Navy), which is located on their military base and no longer meets any City or public needs. The acceptance of the Easement Deed and execution of the Quitclaim Deed are subsequent actions to satisfy conditions of the previously approved project.

**FISCAL IMPACT:**

None.

Herring/Griffith/RAG

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS  
RESOLUTIONS:

ITEM-201: Extension of Memorandum of Understanding Regarding the Ballpark and Redevelopment Project.

**CITY ATTORNEY'S RECOMMENDATION:**

Adopt the following resolution:

(R-2002-383)

Authorizing the City Manager to execute the Third Supplement to the Ballpark and Redevelopment Project Implementation Agreement, extending the Memorandum of Understanding for a sufficient time to allow the City to obtain its financing of choice for the Project; authorizing the City Manager to take such actions as may be necessary or appropriate to implement the intent and purposes of this resolution, consistent with the rights and obligations of the City pursuant to Ordinance O-18613 and the Memorandum of Understanding.

**SUPPORTING INFORMATION:**

The Memorandum of Understanding regarding the Ballpark and Redevelopment Project (MOU) was approved by the electorate on November 3, 1998. The MOU is currently set to expire by September 30, 2001, unless further extended by agreement of the parties. The MOU was originally set to expire on March 31, 2000, unless extended by agreement of the parties. The parties agreed to extend the MOU until September 30, 2000, further until March 31, 2001, and further until September 30, 2001, due to the inability of the City to obtain its permanent financing to fund its investment in the Project. The City will be unable to obtain its financing by September 30, 2001, and it is necessary to further extend the MOU. It is recommended that the extension be sufficient to permit the City to obtain its permanent financing. City staff is still assessing the necessary length of the extension, and will have a recommendation for the City Council, however, it is anticipated that the extension will be between 30 and 60 days.

Herring/Girard

**NOTE:** See the Special Redevelopment Agency Agenda of September 17, 2001 for a companion item.

**PUBLIC NOTICES:**

Items are listed under Public Notice as a matter of public record only. These items do not require Council action and there is no public testimony.

## ITEM-250: SUBMISSION OF BALLOT PROPOSALS

City Council Policy 000-21 establishes the procedure for submittal of ballot proposals. The Council Policy states that members of the public shall submit proposals to the City Clerk, who then shall transmit them promptly to the Rules Committee for review and comment. The proposals must be submitted in time to allow the City Clerk to list on the Council Docket 127 days prior to the election the ballot proposals which have been referred back to Council following Rules Committee review.

Therefore, the City Clerk's Office has established the following administrative guidelines for the March 5, 2002 election:

<u>DAY</u>	<u>DATE</u>	<u>DAYS BEFORE ELECTION</u>	<u>EVENT</u>
Friday	9/14/2001	127	LAST DATE (10:00 a.m.) for public to submit ballot proposals to City Clerk for review by Rules Committee
Wednesday	9/26/2001	160	Rules Committee Review
Tuesday	10/23/2001	133	LAST DATE for City Manager, department or other public agency to submit ballot proposals to City Clerk for placement on Council Docket
Monday	10/29/2001	127	Council Docket (PUBLIC NOTICE) lists proposals referred by Rules Committee
Monday	11/05/2001	120	Council adopts propositions for ballot; directs City Attorney to prepare ordinances
Tuesday	11/20/2001	105	
Monday	11/26/2001	99	Council adopts ordinances prepared by City Attorney
Friday	12/07/2001	88	Last day for City Clerk to file with Registrar of Voters all election material
Thursday	12/20/2001	75	Last day to file ballot arguments with City Clerk

If you have any questions, please contact the Office of the City Clerk, at 533-4025.

ITEMS PULLED FROM CONSENT

NON-DOCKET ITEMS

ADJOURNMENT IN HONOR OF APPROPRIATE PARTIES

ADJOURNMENT



## THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: September 12, 2001 REPORT NO. 01-179

ATTENTION: Honorable Mayor and City Council  
Docket of September 18, 2001

SUBJECT: Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment

REFERENCE: Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment Fiscal Year 2002, Draft, July 2001

### SUMMARY

Issues - Should the City Council: 1) approve the Otay Mesa Public Facilities Financing Plan Fiscal Year (FY) for 2002; 2) adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Otay Mesa; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIFs) consistent with the FBA in Otay Mesa?

Manager's Recommendation - Adopt the four resolutions.

Other Recommendations - At the July 15, 2001 meeting, the Otay Mesa Planning Group approved and recommended adoption of the draft Public Facilities Financing Plan and Facilities Benefit Assessment.

Environmental Impact - None by this action.

Fiscal Impact - Adoption of this Financing Plan and Facilities Benefit Assessment will continue to provide a funding source for the required public facilities.

Business Impact Statement - The Facilities Benefit Assessments in Otay Mesa have been increased to accommodate increasing public facilities costs and scheduling requirements. This will result in an increase of the cost to develop projects in the community.

## BACKGROUND

The proposed Otay Mesa Public Facilities Plan (PFFP) is the annual update of the PFFP approved November 2000 and incorporates changes that have occurred since then. These changes include: changes in the development schedule over the next few years; increased public facility costs due to inflation, project size and scope changes; changes in timing of several projects within the constraints of required timing thresholds; adding interest to the Otay Mesa FBA contribution to repay a Transnet loan for State Route 905 in (FY) 2007; and increases in the FBA rates to reflect the obligations to construct or reimburse for the required facilities.

## DISCUSSION

The PFFP details facilities that will be needed through the ultimate development of the Otay Mesa community which is presently estimated to be by the year 2030. Otay Mesa is a partially developed community with some community facilities in place. Council Policy 600-36 directs the City Manager to prepare an Annual Review for each FBA area. This proposed Public Facilities Financing Plan and Facilities Benefit Assessment has been prepared in accordance with that Policy.

The following changes have occurred since the last update:

1. Based on approved plans and maps, the amount of developer projected development over the next few years has been changed to reflect planned development. The rates of development in the next several years for single family housing and non-residential projects have been decreased while the rate for multi-family housing has been increased. This somewhat offsets the increased project costs and required augmentation of certain park and library facilities which are population driven.
2. Due to increased population thresholds from augmented multi-family housing, five park projects in later years of the community's development have been advanced by several years in timing.
3. Some park, library and fire facilities have had various increases in cost that are reflected in the PFFP.
4. Due to the need to maintain the schedule of various public facility construction and reimbursements in the next few years, the costs of these are near term and as such they contribute to the need for an increase in the FBA rates. These projects and reimbursements include: Palm Avenue / I-805 Interchange; Ocean View Hills Parkway; the Robinhood Ridge segment of Otay Valley Road; Ocean View Hills Neighborhood Park; Dennerly Ranch Neighborhood Park; and Robinhood Ridge Neighborhood Park. In

addition, the schedules for the Otay Mesa-Nestor Branch Library Expansion and Fire Station No. 6 have been maintained for the same timing.

5. A yearly interest payment requirement beginning in FY 2003 and an inflationary adjustment in FY 2007 along with the \$4,000,000 contribution have been added to the project to pay back the SANDAG loan to CalTrans to begin land acquisition and construction of the SR-905 project.
6. FBAs have been increased by 7.3% from the FY 2001 level of fees adopted as part of the previous PFFP update. This is 2.3% greater than the automatic inflationary increase of 5%. For example, the FBA for single family dwelling units has increased from \$6,409 to \$6,877 per unit, and the FBA for industrial acres in the East Sub-area has increased from \$12,776 to \$13,708. These increases are necessary to accommodate the scheduling of required public facilities in the next few years.

#### Facilities Benefit Assessment (FBA)

Table 9 of the FY 2002 PFFP identifies total remaining public facility needs based on estimated development at \$887,426,115, broken down as follows:

<u>AMOUNT</u>	<u>FUNDING SOURCE</u>	<u>PERCENTAGE OF TOTAL</u>
\$107,951,154	Developer/Subdivider	12.2%
\$47,231,282	East Sub-area FBA	5.3%
\$60,980,033	West Sub-area FBA	6.9%
\$671,263,646	Other (Primarily CalTrans Projects)	75.6%

The proposed FBA fee for FY 2002 in Otay Mesa will increase from the FY 2001 schedule in the PFFP as shown below.

	Proposed	
	<u>EAST FBA</u>	<u>WEST FBA</u>
Single Family Dwelling Unit	NA	\$6,877
Multiple Family Dwelling Unit	NA	\$4,814
Commercial Acre	\$41,540	\$39,544
Industrial Acre	\$13,708	\$13,754
OIC I100 Acre	\$13,708	NA
OIC I300 Acre	\$40,294	NA
OIC I400 Acre	\$53,586	NA

The proposed FBAs for FY 2002 represent a 7.3% increase over the FY 2001 FBAs. The costs of facilities are apportioned equitably among the undeveloped parcels within the Area of Benefit.



Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties that have never been assessed or otherwise agreed to pay the Facilities Benefit Assessment for all other FBA areas. Therefore, it is recommended that the above proposed Fiscal Year 2002 Assessments also be adopted as Development Impact Fees for Otay Mesa. The FBA will be collected at the time of building permit issuance and deposited into special interest earning accounts for Otay Mesa.

Since the FY 2002 PFFP proposes an increase in the Facilities Benefit Assessment over and above the inflationary rate programmed, the proposed Resolution of Intention will set a date for a public hearing. Prior to the public hearing, mailed notice will be given to all assessable property owners of developable land within the proposed area of designation indicating the date of the hearing and their right to file a protest with the City Clerk. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned.

#### ALTERNATIVE

Do not adopt the proposed Public Facilities Financing Plan Fiscal Year 2002 and Facilities Benefit Assessment. This is not recommended because the proposed fees will ensure that new development contributes its proportionate share for new facilities identified in the community plan. In the absence of these fees, alternative funding sources will have to be identified to fund new development's share of the identified facilities or public facilities will have to be deferred or deleted.

Respectfully submitted,

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S. Gail Goldberg, AICP  
Planning Director

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Approved: P. Lamont Ewell  
Assistant City Manager

GOLDBERG/GRR

Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment: 1. Draft Otay Mesa Public Facilities Financing Plan Fiscal Year 2002, July 2001. The size of this attachment precludes general distribution; a copy is available for review in the office of the City Clerk.





## THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: July 25, 2001 REPORT NO. 01-154

ATTENTION: Land Use and Housing Committee  
Agenda of August 1, 2001

SUBJECT: Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment

REFERENCE: Otay Mesa Public Facilities Financing Plan and Facilities Benefit Assessment Fiscal Year 2002, Draft, July 2001

### SUMMARY

Issues - Should the City Council: 1) approve the Otay Mesa Public Facilities Financing Plan Fiscal Year (FY) for 2002; 2) adopt a Resolution of Intention to designate an area of benefit for a Facilities Benefit Assessment (FBA) in Otay Mesa; 3) adopt a Resolution of Designation; and 4) approve the setting of Development Impact Fees (DIFs) consistent with the FBA in Otay Mesa?

Manager's Recommendation - Adopt the four resolutions.

Other Recommendations - At the July 15, 2001 meeting, the Otay Mesa Planning Group approved and recommended adoption of the draft Public Facilities Financing Plan and Facilities Benefit Assessment.

Environmental Impact - None by this action.

Fiscal Impact - Adoption of this Financing Plan and Facilities Benefit Assessment will continue to provide a funding source for the required public facilities.

Business Impact Statement - The Facilities Benefit Assessments in Otay Mesa have been increased to accommodate increasing public facilities costs and scheduling requirements. This will result in an increase of the cost to develop projects in the community.

## BACKGROUND

The proposed Otay Mesa Public Facilities Plan (PFFP) is the annual update of the PFFP approved November 2000 and incorporates changes that have occurred since then. These changes include: changes in the development schedule over the next few years; increased public facility costs due to inflation, project size and scope changes; changes in timing of several projects within the constraints of required timing thresholds; adding interest to the Otay Mesa FBA contribution to repay a Transnet loan for State Route 905 in (FY) 2007; and increases in the FBA rates to reflect the obligations to construct or reimburse for the required facilities.

## DISCUSSION

The PFFP details facilities that will be needed through the ultimate development of the Otay Mesa community which is presently estimated to be by the year 2030. Otay Mesa is a partially developed community with some community facilities in place. Council Policy 600-36 directs the City Manager to prepare an Annual Review for each FBA area. This proposed Public Facilities Financing Plan and Facilities Benefit Assessment has been prepared in accordance with that Policy.

The following changes have occurred since the last update:

1. Based on approved plans and maps, the amount of developer projected development over the next few years has been changed to reflect planned development. The rates of development in the next several years for single family housing and non-residential projects have been decreased while the rate for multi-family housing has been increased. This somewhat offsets the increased project costs and required augmentation of certain park and library facilities which are population driven.
2. Due to increased population thresholds from augmented multi-family housing, five park projects in later years of the community's development have been advanced by several years in timing.
3. Some park, library and fire facilities have had various increases in cost that are reflected in the PFFP.
4. Due to the need to maintain the schedule of various public facility construction and reimbursements in the next few years, the costs of these are near term and as such they contribute to the need for an increase in the FBA rates. These projects and reimbursements include: Palm Avenue / I-805 Interchange; Ocean View Hills Parkway; the Robinhood Ridge segment of Otay Valley Road; Ocean View Hills Neighborhood Park; Dennery Ranch Neighborhood Park; and Robinhood Ridge Neighborhood Park. In addition, the schedules for the Otay Mesa-Nestor Branch Library Expansion and Fire

Station No. 6 have been maintained for the same timing.

5. An interest payment requirement for the \$4,000,000 contribution from the Otay Mesa FBA for SR-905 to pay back the Transnet loan to CalTrans has been added for FY 2007.
- 6 FBAs have been increased by 7.3% from the FY 2001 level of fees adopted as part of the previous PFFP update. This is 2.3% greater than the automatic inflationary increase of 5%. For example, the FBA for single family dwelling units has increased from \$6,409 to \$6,877 per unit, and the FBA for industrial acres in the East Sub-area has increased from \$12,776 to \$13,708. These increases are necessary to accommodate the scheduling of required public facilities in the next few years.

#### Facilities Benefit Assessment (FBA)

Table 9 of the FY 2002 PFFP identifies total remaining public facility needs based on estimated development at \$886,368,415, broken down as follows:

<u>AMOUNT</u>	<u>FUNDING SOURCE</u>	<u>PERCENTAGE OF TOTAL</u>
\$108,351,154	Developer/Subdivider	12.2%
\$46,438,007	East Sub-area FBA	5.2%
\$60,715,608	West Sub-area FBA	6.8%
\$670,863,646	Other (Primarily CalTrans Projects)	75.7%

The proposed FBA fee for FY 2002 in Otay Mesa will increase from the FY 2001 schedule in the PFFP as shown below.

	Proposed	
	<u>EAST FBA</u>	<u>WEST FBA</u>
Single Family Dwelling Unit	NA	\$6,877
Multiple Family Dwelling Unit	NA	\$4,814
Commercial Acre	\$41,540	\$39,544
Industrial Acre	\$13,708	\$13,754
OIC I100 Acre	\$13,708	NA
OIC I300 Acre	\$40,294	NA
OIC I400 Acre	\$53,586	NA

The proposed FBAs for FY 2002 represent a 7.3% increase over the FY 2001 FBAs. The costs of facilities are apportioned equitably among the undeveloped parcels within the Area of Benefit.

Council has previously directed that the same assessment rates are appropriate Development Impact Fees for all properties that have never been assessed or otherwise agreed to pay the

Facilities Benefit Assessment for all other FBA areas. Therefore, it is recommended that the above proposed Fiscal Year 2002 Assessments also be adopted as Development Impact Fees for Otay Mesa. The FBA will be collected at the time of building permit issuance and deposited into special interest earning accounts for Otay Mesa.

Since the FY 2002 PFFP proposes an increase in the Facilities Benefit Assessment over and above the inflationary rate programmed, the proposed Resolution of Intention will set a date for a public hearing. Prior to the public hearing, mailed notice will be given to all assessable property owners of developable land within the proposed area of designation indicating the date of the hearing and their right to file a protest with the City Clerk. Notice will also be given by publication of the Resolution of Intention in the City's official newspaper. Unless overruled by a four-fifths vote of the Council, written protests by owners of more than one-half of the area of the property proposed to be included within the Area of Benefit shall cause the proceedings to be abandoned.

#### ALTERNATIVE

Do not adopt the proposed Public Facilities Financing Plan Fiscal Year 2002 and Facilities Benefit Assessment. This is not recommended because the proposed fees will ensure that new development contributes its proportionate share for new facilities identified in the community plan. In the absence of these fees, alternative funding sources will have to be identified to fund new development's share of the identified facilities or public facilities will have to be deferred or deleted.

Respectfully submitted,

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S. Gail Goldberg, AICP  
Planning Director

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Approved: P. Lamont Ewell  
Assistant City Manager

GOLDBERG/GRR

Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment: 1. Draft Otay Mesa Public Facilities Financing Plan Fiscal Year 2002, July 2001. The size of this attachment precludes general distribution; a copy is available for review in the office of the City Clerk.